

Dear Families, Children, and Seniors Committee Member:

We are writing to express our opposition to House Bill 4278, which would require the Department of Health & Human Services (DHHS) to apply for a waiver to the United States Department of Agriculture to ban Supplemental Nutrition Assistance Program (SNAP) users from purchasing soft drinks through the program, funded entirely with federal dollars. We have also heard that a substitute bill may be offered which would require families using SNAP benefits to pay the deposit in cash. We support efforts to weed out fraud in the SNAP program, but we believe the problem could be addressed without burdening Michigan families and businesses by simply enforcing the current law.

It is our understanding that the sponsor, Rep. Beau LaFave, is concerned about SNAP recipients purchasing products with the state-mandated deposit, dumping the product, and returning the container for a dime. This gaming of the deposit system is nothing new. It was even featured in an episode of Seinfeld. Perhaps this is an opportunity to look at the flaws of this outdated deposit system and the roadblock it poses to improving Michigan's dismal recycling rate. This scam is already defined as trafficking, prohibited (Code of Federal Regulations 271.2) and any person found to have done this is "ineligible for benefits for such period of time as the secretary shall prescribe" [7 USC 2015 (p)].

*Trafficking means:*

*(1) The buying, selling, stealing, or otherwise effecting an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signature, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone;*

*(2) The exchange of firearms, ammunition, explosives, or controlled substances, as defined in section 802 of title 21, United States Code, for SNAP benefits;*

*(3) Purchasing a product with SNAP benefits that has a container requiring a return deposit with the intent of obtaining cash by discarding the product and returning the container for the deposit amount, intentionally discarding the product, and intentionally returning the container for the deposit amount;*

*(4) Purchasing a product with SNAP benefits with the intent of obtaining cash or consideration other than eligible food by reselling the product, and subsequently intentionally reselling the product purchased with SNAP benefits in exchange for cash or consideration other than eligible food; or*

*(5) Intentionally purchasing products originally purchased with SNAP benefits in exchange for cash or consideration other than eligible food.*

*(6) Attempting to buy, sell, steal, or otherwise affect an exchange of SNAP benefits issued and accessed via Electronic Benefit Transfer (EBT) cards, card numbers and personal identification numbers (PINs), or by manual voucher and signatures, for cash or consideration other than eligible food, either directly, indirectly, in complicity or collusion with others, or acting alone.*

Michigan Retailers  
Association

Michigan Grocers  
Association

Michigan Chamber  
of Commerce

Michigan Teamsters  
Joint Council 43

Michigan  
Association of  
Convenience Stores

Associated Food and  
Petroleum Dealers

Michigan Corn  
Growers Association

Michigan Sugar  
Company

Michigan Dairy  
Foods Association

Potato Growers of  
Michigan

Michigan Soft Drink  
Association

Michigan  
Distributors and  
Vendors Association

Even if we pass a new law aimed at addressing the trafficking of federal SNAP dollars, enforcement will still be the issue. We urge you to enforce the law already on the books instead of passing another one at great cost to retailers and the state in EBT reprogramming.

Of the above trafficking crimes, the most significant fraud by far is the purchasing of SNAP EBT cards. In the past two sessions of the Michigan Legislature, bills which would have addressed the current lack of enforcement of SNAP fraud have passed the Senate and died in the House. Senate Bill 841 of 2014 would have increased prison sentences for SNAP fraud; SB 843 of 2014 and 384 of 2015 would have allowed the DHHS to grant the powers of peace officers to agents of their Office of Inspector General, all former state police.

Restricting certain beverages from the SNAP program would only increase bureaucracy without saving tax dollars.

There are more than 650,000 products in the grocery store with 12,000 introduced each year. These items would have to be analyzed and categorized to determine what's in and out of the SNAP program, giving the government the power to decide which foods are "good" and "bad." This kind of control over what Michigan made cereals, potato chips, or ice creams Michiganders buy won't save the SNAP program any money, instead creating a food code more complicated than the tax code.

More than 70 percent of SNAP benefits go to families with children and 1.7 million beneficiaries are veterans. A USDA study found that there is almost no difference between the food purchases of families receiving SNAP benefits and families who don't.

If public health is the concern, it is important to note that while obesity has risen 16% since 1985 (CDC), at the same time soft drink consumption has decreased and is at a 31 year low. Calories from soft drinks have been slashed 27 percent through the offering of smaller portion sizes; more teas, juices, and waters (many of which- even zero calorie sweetened waters- would also be banned); and calorie info on the front of the container. Michigan beverage companies will continue to help all Michiganders – regardless of whether or not they receive SNAP benefits – cut their sugar intake from beverages through our collective efforts to reduce portion sizes and introduce smaller, more convenient packages with less sugar.

Bans and restrictions won't help people manage their caloric intake and won't save taxpayers money. The discussion taking place in this country about creating jobs is a more productive way to help families get back on their feet, and stigmatizing them by banning them from certain aisles of the grocery store will not address the real issue.